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DECREE-LAW No. 13/2009

The Government Programme of the 4th Constitutional Government set out a policy of economic and human development and the reduction of poverty. Transparent, rigorous and truthful management is crucial in the area of public accounts to guarantee the long term sustainability of public accounts and to ensure a competitive economy.

In order to accomplish the public accounts objectives, it is important to have a Ministry of Finance which is an organisational structure based on services which operate in the field of public finances.

The purpose of this legal diploma is to approve the Organic Structure of the Ministry of Finance in which the structure of the Ministry powers and duties of each of its services are defined and which will fulfil the terms set out in Decree-Law no. 7/2007 of 5th of September, which approved the Organic Structure of the 4th Constitutional Government of the Democratic Republic of Timor-Leste, as worded in Decree-Law no. 5/2008 of 5th of March.

Thus:

The Government decrees, under the terms set out in no. 3 of article 115 of the Constitution of the Republic the following, which is to prevail as law:

CHAPTER 1

NATURE AND DUTIES

Article 1

Nature

The Ministry of Finance, hereinafter referred to as MF, is the central body of the Government, whose mission is to design, implement, coordinate and evaluate the policy defined and approved by the Council of Ministers for the areas of planning and yearly monitoring of the budget and finances.

Article 2
**Duties**

In order to fulfil its mission, the duties of the MF are:

a) To propose the macroeconomic policy, monetary and exchange policies in collaboration with the Central Bank;

b) To propose policies and draw up the necessary draft regulations to govern tax and non-tax revenue, budgetary framework, procurement, public accounting, public finances, auditing and control of the State treasury and the issuing and managing of public debt;

c) To manage the Timor-Leste oil fund;

d) To work in collaboration with the Ministry of Foreign Affairs in the area of cooperation between Timor-Leste and the Development Partners;

e) To manage the public external debt, State shareholdings and foreign aid, being responsible for the coordination and definition of the financial and tax strands;

f) To manage State property, without prejudice to the duties of the Ministry of Justice in terms of real estate property;

g) To compile and publish official statistics;

h) To take responsibility for the implementation of its budget allocated through the State Budget;

i) To promote the necessary regulations and exercise financial control of the expenditure of the State Budget, which are allocated to other Ministries, within the scope of the implementation of a policy of greater financial autonomy for the different services;

j) To ensure the sound management of funding provided through the State Budget by indirect administration bodies of the State and local government bodies, by way of audits and monitoring;

k) To manage and promote international aid in the area of technical consultancy provided to State bodies, excluding areas concerned with training and human resources;

l) To establish mechanisms of collaboration and coordination with other Government bodies with powers over related areas.

**CHAPTER II**

**AUTHORITY AND SUPERINTENDENCE**

**Article 3**

Authority and Superintendence of the Ministry

1. The authority responsible for overseeing the MF is the Finance Minister, who in turn is accountable to the Prime Minister.

2. The Minister is assisted in the course of his duties by his Deputy Minister.

**CHAPTER III**

**ORGANIC STRUCTURE**

**Article 4**

General Structure

The MF carries out its duties through services, which are part of direct state Administration.

**Article 5**

Direct State Administration

Within the scope of the MF, direct State Administration includes the following central services:

a) The General Department for Revenues and Customs, consisting of the following national departments:

   i) National Department for Customs;
   ii) National Department for Oil Revenue;
   iii) National Department for Inland Revenue;

b) The General Department for State Finance, consisting of the following national departments:

   i) National Department for the Budget;
ii) National Department for the Treasury;
iii) National Department for Procurement;
iv) National Department for the Management of State Property;
v) National Department for Autonomous Public Authorities;
c) The General Department for Analysis and Research, consisting of the following national departments:
i) National Department for Statistics;
ii) National Department for the Macroeconomy;
iii) National Department for the Oil Fund;
d) General Department for Corporative Services;
e) Department for the Effectiveness of Foreign Aid.

CHAPTER IV
DIRECT STATE ADMINISTRATION SERVICES

SECTION I

Article 6
General Department for Revenues and Customs

1. The General Department for Revenues and Customs, hereinafter referred to as GDRC, is responsible for guaranteeing the overall orientation and the integrated coordination of all the services pertaining to the Ministry with powers in the areas of Revenues and Customs.

2. The GDRC performs the following duties:
a) To oversee and coordinate the administration and collection of state revenues from direct taxes, property tax, service and capital gains tax and sales tax, as well as the performance of other duties, assigned to it by law, in accordance with policies defined by the Government in the area of taxes;
b) To oversee and coordinate the control at borders and in national territory for fiscal and economic purposes, as well as for the protection of society, notably within the scope of the environment, security and public health,
c) To oversee and coordinate the administration, supervision and collection of customs duties;
d) To oversee and coordinate the administration and collection of selective consumer taxes, other indirect taxes and other revenues to be collected by this body, in accordance with the policies defined by the Government, under the terms set out in the applicable legislation;
e) To oversee and coordinate the administration, supervision and collection of taxes applicable to all activities concerning oil exploration, industry and marketing;
f) Any others assigned to it by law.

Article 7
National Department of Customs

The National Department of Customs, hereinafter referred to as NDC, performs the following duties:
a) The NDC controls merchandise and vehicles coming into the customs area and controls warehouses of merchandise from a fiscal viewpoint. It also guarantees compliance with customs formalities vis-à-vis the merchandise which is presented to customs, and once the formalities have been completed it establishes the correct duty for the merchandise;
b) It draws up studies, puts forward proposals and defines rules and techniques, the purpose of which is to accomplish its objectives;
c) It takes part in the definition and management of fiscal policy related to customs duties and the selective consumer tax, ensuring the settlement and collection of any type of tax or duty it is responsible for under the terms of the law;
d) It regulates customs regimes applicable to
the movement of people and goods when entering, when visiting, when in transit and when leaving the customs area, and to ensure their enforcement;

e) It is responsible, within the scope of customs activities, for inspecting people and goods in ports, airports and national borders under the terms of the applicable law;

f) It takes part in the definition of the auditing policies and coordinates their enforcement, and promotes articulation between customs services with other Public Administration Auditing Bodies to attain the best results:

g) It fights tax evasion, tax fraud and the illegal trafficking of drugs and weapons, as well as of other unauthorised articles and cooperates with other national, foreign and international bodies in their fight against such illegal activities;

h) It issues reports on conventions, agreements and other international, normative instruments of a customs nature or which contain provisions pertaining to customs' issues;

i) It cooperates with other State Departments to accomplish its specific objectives, notably in the areas of the economy, defence, security, morals, public health and safety, tourism, control of animals and plants, protection of brands and patents and defence of cultural and national artistic heritage, when such cooperation is required for the pursuance of such objectives;

j) It provides information to the users of its services, notably on the contents and the interpretation of customs legislation to help foster its compliance;

k) Customs officers fall under its control;

l) It issues administrative sanctions under the terms of the applicable customs legislation;

m) It oversees other activities which may not be in compliance with customs legislation;

n) Any other duties assigned to it by law.

Article 8
National Department of Oil Revenue

The National Department of Oil Revenue, hereinafter referred to as NDOR, performs the following duties:

a) It makes estimates and ensures that oil taxes are collected under the terms of the law;

b) It calculates and monitors oil revenues in order to help draw up the draft State Budget;

c) It coordinates activities related to oil and gas revenues with other authorities, such as the Central Bank and the National Authority for Oil;

d) It prepares the terms of reference for national NDOR employees;

e) It provides vocational training for national NDOR employees;

f) It develops and updates the tax and revenue forms used by the NDOR and helps inform the taxpayer about these same forms;

g) It fights fraud and tax evasion and collaborates with other national and international authorities in activities related to the fight against tax fraud;

h) It issues reports on international conventions and agreements and other normative instruments in its area of competence;

i) It provides information to the users, notably on the contents and interpretation of legislation on oil taxes and revenues;

j) It conducts evaluation studies on oil revenues, it terms of design, procedures and controls, depending on the results;

k) It registers oil taxpayers, updates the list of taxpayers and issues tax compliance certificates;

l) It maintains an ongoing relationship of
cooperation with other national services and bodies, as well as with other relevant international institutions in the oil sector;

m) It draws up draft legislation as well as administrative instructions to be submitted to the General Director;

n) It prepares quarterly reports and an annual report on overall NDOR operations to be submitted to the Minister through the General Director;

o) It establishes an appropriate internal control system to manage the NDOR in an efficient and effective manner;

p) Any other duties assigned to it by law.

Article 9
National Department of Inland Revenue

The National Department of Inland Revenue, hereinafter referred to as NDIR, performs the following duties:

a) The NDIR suggests tax regulation and improvement measures, within its area of competence, and ensures the taxes are properly collected;

b) It helps predict, monitor and analyse the revenues under its management, with a view to drafting the State Budget;

c) It participates in the definition of the auditing policy and coordinates its application, by promoting articulation between itself and Customs services and other Public Administration auditing bodies in order to maximise results;

d) It fights tax evasion and fraud and collaborates with other national and international authorities in activities related to the fight against tax fraud;

e) It issues reports on international conventions and agreements and other normative instruments in its area of competence;

f) It negotiates agreements to avoid double taxation, in collaboration with the Ministry of Foreign Affairs;

g) It calculates the amount of revenue that has not been collected resulting from exemptions, reductions and tax benefits;

h) It provides information to the users, notably on the contents and interpretation of tax legislation in order to ensure it is properly complied with;

i) It keeps a permanently updated list of taxpayers and issues tax compliance certificates;

j) It maintains an ongoing relationship of cooperation with other national services and bodies, as well as with other relevant international institutions in the oil sector;

k) It contributes to the drawing up of draft legislation, draft regulations and draft administrative instructions;

l) It prepares quarterly reports and an annual report on overall NDIR operations to be submitted to the Minister of Finance;

m) Any other duties assigned to it by law.

SECTION II
Article 10
General Department for State Finance

1. The General Department for State Finance, hereinafter referred to as GDSF, is responsible for ensuring the overall control and integrated coordination of the services of the Ministry with powers in the area of the State Budget, Treasury, Procurement, State Property Management and Autonomous Public Authorities.

2. The GDSF performs the following duties:

a) It oversees the drafting and implementation of the State Budget in accordance with the Strategic Development Agenda and other macroeconomic strategies of the Government;
b) It ensures budgetary implementation, oversees public accounts and the control of the legality and regularity of the State financial administration, as well as the management of the central State treasury and its articulation with the monetary policy and public finances;

c) It oversees and controls the process and procedures involved in the acquisition of goods, services and works for public administration, under the terms set out in the Legal Procurement Regime and complementary legislation;

d) It oversees and controls the aspects related to the Autonomous Public Authorities and complementary legislation;

e) Any other duties assigned to it by law.

Article 11
National Department for the Budget

The National Department for the Budget, hereinafter referred to as NDB, performs the following duties:

a) The NDB carries out activities related to the drafting, contents, monitoring and the evaluation of the State Budget, within the scope of the Ministry of Finance;

b) It draws up and consolidates the plan for revenues and expenditure;

c) It implements the priorities and the objectives of the State Budget defined by the Government;

d) It draws up and includes short and medium-term macroeconomic and fiscal strategies in the State Budget;

e) It gathers and processes information of a financial nature on the administrative, public sector and promotes and publishes updated statistics in cooperation with the National Department for Statistics;

f) It monitors and develops instruments to be used in the monitoring of programmes and budgetary policies;

g) It coordinates budgetary policy with other Ministries and Public Administration Services, by issuing the necessary instructions for the drafting of the State Budget;

h) Any others assigned to it by law.

Article 12
National Department for the Treasury

The National Department for the Treasury, hereinafter referred to as NDT, performs the following duties:

a) The NDT ensures that the State Budget is implemented;

b) It coordinates and supervises the calculations of revenue, the transfer of funds, the payment of public expenditure, treasury operations, as well as the organisation of current accounts, indispensable for the control of those operations;

c) It centralises and coordinates the deeds and calculations involved in the revenues and public expenditure;

d) It manages public funds under the control of the Ministry for Finance;

e) It produces reports on public administration revenues and expenditure for the Government on a regular basis;

f) It draws up the General Financial Statement in cooperation with other services;

g) It coordinates, updates and standardises the public expenditure classification system and discloses the criteria spearheading this classification;

h) It issues and discloses financial and administrative instructions on the financial management of public moneys, at the same time promoting its ongoing improvement through a pedagogic approach;

i) It establishes articulation with the Central
Bank of Timor-Leste within the framework of the monitoring of the financial and monetary policy;

j) It monitors the implementation and the use of IT systems within the framework of collection and payments;

k) Any other duties assigned to it by law.

**Article 13**

**National Department for Procurement**

The National Department for Procurement, hereinafter referred to as NDP, performs the following duties:

a) The NDP is responsible for the updating and optimisation of the procurement system, the bidding procedures and the best project management practices, in line with international standards;

b) It monitors the nature of and quantifies the immediate and mid-term procurement requirements of all public services and government Public Administration departments;

c) It supervises the award and management of construction, refurbishment and improvement works;

d) It prepares all the users' projects and, when necessary, it represents them in the development projects of installations and in contract management;

e) It ensures that all equipment, materials and accessories to be used by Public Administration are standardised;

f) Any other duties assigned to it by law.

**Article 15**

**National Department for Autonomous Public Authorities**

The National Department for Autonomous Public Authorities, hereinafter referred to as NDAPA, performs the following duties:

a) The NDAPA draws up studies, puts forward proposals and defines rules and techniques to accomplish its objectives;

b) It supervises the Autonomous Public Authorities;

c) It makes predictions, it monitors and analyses revenues administered by it with a view to drawing up the State Budget;

d) It produces regular reports to be submitted to the Ministry of Finance on the activities, revenues and expenditure of the Autonomous Public Authorities;

e) Any other duties assigned to it by law.

**SECTION III**

**Article 16**

**General Department for Analysis and Research**

1. The General Department for Analysis and Research, hereinafter referred to as GDAR, is responsible for ensuring the overall control and integrated coordination of the services of the Ministry with powers in the area of Statistics, Macroeconomy and Oil Fund.

2. The GDSF performs the following duties:

a) The GDSF draws up and coordinates the
official statistics of Timor-Leste;

b) It provides specialised technical advice in the areas of the development of the economy, particularly in the area of financial performance and fiscal justice, within the scope of legality and the objectives defined by the Government;

c) It provides specialised technical advice in terms of the Management of the Oil Fund;

d) Any other duties assigned to it by law.

Article 17
National Department for Statistics

The National Department for Statistics, hereinafter referred to as NDS, performs the following duties:

a) The NDS coordinates the system of official statistics of Timor-Leste to ensure that the system is coherent and rational;

b) It compiles, analyses, systematises, produces and publishes statistical data on the population, companies and other entities, with a view to producing and publishing information on the economic, social and demographic situation of Timor-Leste;

c) It ensures the coordination of the National Statistics System (NSS), by approving concepts, definitions, nomenclatures, indicators and other instruments of statistical coordination, in accordance with international standards;

d) It compiles and discloses National Accounts and other relevant information on the different aspects of the economy;

e) It develops, updates and manages information and statistical records in accordance with best international practices;

f) It ensures that the computer and technological systems are in line with accepted and current international standards;

g) It provides storage for data bases and guarantees confidentiality with regard to corporate and individual data, by complying with statistical secrecy;

h) It prepares, designs and puts forward proposals pertaining to the basic system of the National Statistics System, including acquisition methods, statistical secrecy, as well as the disclosure and publication of the data and the results;

i) It is responsible for the organisation and implementation of the national census of population and housing;

j) It suggests delegations from the NDS to be seconded to other public services and, or, to determine when such delegations should cease their functions;

k) Any other duties assigned to it by law.

Article 18
National Department for the Macroeconomy

The National Department for the Macroeconomy, hereinafter referred to as NDM, performs the following duties:

a) The NDM analyses and recommends policies to promote economic development and the reduction of poverty;

b) It issues reports and studies on the public and private sectors, structural reforms, employment, wages, financial markets, monopolies, investment and capital formation;

c) It makes predictions on growth, employment and inflation;

d) Any other duties assigned to it by law.

1. In the area of sectoral policies and programmes:

a) It collaborates in the definition of structural developmental policies and their respective impacts on public and private expenditure on infrastructures, notably in public investments;

b) It draws up predictions for budget revenues,
including those concerning the oil sector, internal tax revenue and extrafiscal taxation, as well as drawing up texts which are relevant for the State Budget;

c) It issues reports on fiscal policy;
d) It draws up studies and reports on the taxation structure and tax levels currently in force;
e) It issues reports on topics concerning expenditure, savings, investment and their respective implications on the use of the Oil Fund;
f) It analyses the aggregate levels of medium-term expenditure, including the balance between the State Budget and donor funds and capital expenditure;

2. In the trade and financial policy sectors the NDM performs the following duties:

a) It assesses international and regional statistical data in the areas of trade and investment relevant for Timor-Leste;
b) It provides consultancy services in relations and projects with international organisations, the World Bank, the International Monetary Fund and Development Partners in the areas of economic and budgetary policy;
c) It draws up relevant, economic and financial information, notably in the areas of development, external funding and investment to be disseminated to members of the Government, Embassies and Development Partners.

d) Any other duties assigned to it by law.

SECTION IV

Article 20
General Department for Corporative Services

1. The General Department for Corporative Services, hereinafter referred to as GDCS, is responsible for providing overall, technical and administrative support to the Minister, to the General Directors and to the other MF services in the areas of general administration, human resources, legal consultancy, communication, documentation, archives and asset management.

2. The GDCS performs the following duties:
a) The GDCS guarantees that the administrative, corporative services and financial resource management work smoothly;
b) It undertakes the management of human resources in order to implement and coordinate the Ministry's training programme;
c) It enforces the laws, regulations and procedures pertaining to Public Administration within the scope of the Ministry;
d) It undertakes activities related to the management of material resources and general services;
e) It undertakes activities related to the management of IT resources;
f) It carries out procedures related to expenditure in accordance with corresponding orders and obligations previously accepted, for the acquisition of goods, works or provision of services on behalf of the Ministry;
g) It maintains the equipment and vehicles belonging to the Ministry and makes the required acquisitions, repairs and transport;

h) It provides the necessary means to ensure that Ministry leaders and employees participate in national or international events, including those means covering their travelling expenses;

i) It analyses and issues reports on the Rules of Procedure pertaining to Ministry services regarding human and material resources;

j) It coordinates, publishes and discloses official information of interest to the Ministry;

k) It guarantees, among other things, communications services, the surveillance, security, cleaning and conservation of the offices of the members of the Government, of the General Directors and of the services and bodies to which it provides support, within the scope of the centralised provision of services;

l) Any other duties assigned to it by law.

SECTION V

Article 21
Department for the Effectiveness of Foreign Aid

1. The Department for the Effectiveness of Foreign Aid, hereinafter referred to as DEFA, is responsible for guaranteeing the effective use of foreign aid provided by the partners for development in order to ensure coordination and harmonisation in full compliance with the development priorities determined by the Government.

2. The DEFA performs the following duties:

a) DEFA manages the foreign aid funds offered to Timor-Leste;

b) It gathers financial and accounting information on any official foreign aid source, including non-budgetary and technical aid, by taking into account the corresponding planning, effective results and indicators defined by the Paris Declaration;

c) It provides support to various Ministries in the decision making process vis-à-vis the effective use of foreign aid;

d) It provides the necessary information on foreign aid for the purpose of budget planning;

e) It assists the different ministries and development partners in reaching the goals set within the scope of coordination of foreign aid;

f) It draws up profiles of the development partners and shares these development partners and stakeholders with the different ministries, on a regular basis;

g) It retains a reliable data base of development partner projects in order to introduce improvements in terms of quality and impact;

h) It improves the coordination of foreign aid by providing regular support to the Secretariat of the Timor-Leste Meeting with Development Partners;

i) It provides updated information on the activities carried out by the National Authorisation Office (NAO) financed by the EC and by the PCMF, which should be regularly shared among the different ministries and development partners;

j) Any other duties assigned to it by law.

SECTION VI
ADVISORY BODY

Article 22
Finance Management Advisory Board

1. The Finance management Advisory Board, hereinafter referred to as Advisory Board, is the collective body for consultation and coordination and is responsible for taking stock on a regular basis of the activities of the MF.

2. The Advisory Board is responsible for pronouncing namely on the following:
a) The MF decisions with a view to their implementation;

b) The plans and work programmes;

c) The state of the art of MF activities, by assessing the results achieved and putting forward new objectives;

d) The exchange of experiences and information between all services and MF bodies and their corresponding leaders;

e) Legal diplomas of interest to the MF or any other documents resulting from its services or bodies;

f) Any other activities assigned to it.

3. The Advisory Board consists of the following members:

a) The Minister who chairs;

b) Deputy Minister;

c) General Directors and their respective assistants;

d) Head of Cabinet.

4. The Minister may summon other authorities, staff or officials to take part in the Commission meetings, within or without the Ministry, whenever the Minister deems convenient.

5. The Advisory Board holds ordinary meetings once a week and extraordinary meetings whenever the Minister so decides.

CHAPTER V
FINAL AND TRANSITIONAL PROVISIONS

Article 23
Articulation of Services

1. The Ministry services should operate by objectives drawn up annual and pluri-annual activity plans approved by the Ministry.

2. The services should cooperate among themselves and articulate their activities in order to foster unity in integrated action vis-à-vis the policies of the Ministry.

Article 24
Complementary Organic Diplomas

Without prejudice to the provisions set out in this legal diploma, the Minister of Finance is responsible for approving the regulation of the organic and functional structure of the General and National Departments by way of own ministerial diploma.

Article 25
Staff

The staff and number of senior officials and heads of departments are approved by joint ministerial diploma of the Minister of Finance and the Minister of State Administration.

Article 26
Entry into Force

The present legal diploma shall come into force on the day following the date of its publication.

Seen and approved in Council of Ministers on 24th of November, 2008.

The Prime Ministerial
Kay Rala Xanana Gusmão

Minister of Finance
Emília Pires

Promulgated on 10th of February 2009

To be published

The President of the Republic
José Ramos-Horta